

NEW HAMPSHIRE STATE LIQUOR COMMISSION
MINUTES OF MEETING – FEBRUARY 6, 2003

PRESENT: Chairman Anthony Maiola and Commissioner Patricia Russell;
John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist, George Tsiopras, Chief Accountant; Michael Goclowski, Law Warehouse, Al Piccone from United Beverages, Inc.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial & Administrative Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending February 2, 2003 shows retail sales were down 5.9%, on-premise sales were up 1.15%, off-premise sales were up 13.4%, and total sales were down by less than a percent. The traffic count was down by 4,073 people and the average sale was down by forty-seven cents.

The W-1 Total Weekly Sales report for the past week confirms retail sales were up 8.5%. Wine sales for the week were up 6% and year-to-date they were up 9.5%. Sales of spirits were down 6.6% and year-to-date were up 2.4%.

B. Budget Reports:

For outstanding depletions and post-offs, Craig reported that the December invoices were sent out late, so payments should arrive in the next few days.

Work continues on an ongoing basis with Paymentech regarding the gift card program, John Bunnell and Craig reviewed proofs for the gift cards. Testing will begin at various levels regarding the gift cards.

We are in the process of advertising for the renewal of the Enforcement Building lease that expires in August. Craig will keep the Commission informed with any changes regarding this.

Craig had a meeting this week with Lisa from DITM regarding the E-Licensing Project. We will be getting a final quote from the company who gave us the initial quote. If we want to initiate this project before July 1, 2004, we will need to apply for a loan from the DITM technology fund.

Craig distributed a list of upcoming Hearings for the Commission's information and the sponsors of these bills. Craig will keep us updated regarding these hearings.

Four items came before the G & C meeting on February 5, 2002. Two items were related to the new accounting package, one was for the HVAC contract and the other item was for a fiscal transfer. All four items were approved.

The current W-6 Expense Budget Activity Report shows the year is at about 60% complete. We are waiting to see if the Governor will cut 2½ % off our budget. Our class 18 account for Store Operations for overtime and hours of operation will be in a deficit.

George is gathering documentation to submit to the fiscal committee at their March meeting for a transfer of funds. After this meeting, the item would go to Governor and Council for approval.

The current W-6 Expense Budget Activity Report shows the year is at about 60% complete. We are waiting to see if the Governor will cut 2½ % off our budget. Our class 18 account for Store Operations for overtime and hours of operation will be in a deficit. George is gathering documentation to submit to the fiscal committee at their March meeting for a transfer of funds. After this meeting, the item would go to Governor and Council for approval.

SSAGT is in the process of updating our Accounting Package. This will give the commission better reporting information.

2. MIS Report

We are moving forward with Paymentech for the gift card program. Testing is taking place with the debit/gift card program. Currently we are having some difficulty, we are hoping to resolve it by the end of the day. Howard is working on the specifications to restrict the gift cards use towards specific products. Will be sending this to ACR to determine feasibility and cost.

Financial System – We will be installing the new financial system over the next 6-8 weeks. The Gross Profit database implementation will be delayed while the financial system is installed.

Mike Gocłowski reported that Live testing on the system will begin this week after cleaning last week.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 2/2/03 were down 4.3%.

Opening of the Brookline and Lee Stores to be opened. Financing looks to be all set for Brookline and the plan is to open this store in July. Monies for this will come out of next year's budget. We are looking to replenish our emergency stock for any other moves taking place in the next year.

At our next committee meeting, we will discuss the various stores in general and review our existing hours of operation.

There will be a Manager's Meeting next Tuesday, February 11th from 10:00 a.m. to 1:00 p.m. to discuss our upcoming "Set Sail for Savings Sweepstakes taking place at the Capitol Center for the Arts.

2. Purchasing Report – The Purchasing report will now be sent by email to all recipients.

3. Merchandising Report

A. SPIRITS:

1) St. Patrick's Day Sale

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve items for our St. Patrick's Day Sale scheduled for the period of March 13th through March 23rd, as recommended by Rick Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

2) Test Market Results -Added Size –(Smirnoff Vanilla Twist)

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve the delisting of Smirnoff Vanilla Twist, Code #3873, in the 1.75 size as it failed to reach the required gross profit, as recommended by Rick Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

3) Request to Discontinue (Das Komet Liqueur)

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve the delisting of Das Komet Liqueur , Code #5592, in the 750 ML size as it is being discontinued by the vendor, as recommended by Rick Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

4) Special Offers for April, 2003:

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve Special Offers from United Beverages, Inc. based upon depletions of thirty-one (31) spirit items to be featured on sale during April, 2003, as recommended by Rick Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

5) Yearly Gross Profit Review:

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve all recommendations outlined in the spirit yearly gross profit review submitted by Rick Gerrish, Spirits Marketing Specialist dated January 24th, 2003. Letters are being sent certified mail to all of the brokers involved. Brokers have two weeks to respond to the notices. The motion was unanimously adopted.

B. WINE:

1) Special Offers for April, 2003:

A.) Perfecta Wine Company:

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve Special Offers from Perfecta Wine Company based upon depletions of one (1) wine item to be featured on sale during April, 2003, as recommended by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

B.) Pine State Trading Company:

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve Special Offers from Pine State Trading Company based upon depletions of thirteen (13) wine items to be featured on sale during April, 2003, as recommended by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

C.) Horizon Beverage Company:

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve Special Offers from Horizon Beverage Company based upon depletions of twenty-eight (28) wine items to be featured on sale during April, 2003, as recommended by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

2) Australian and New Zealand Wine Purchase and Allocated Distribution:

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve the request to accept the Australian and New Zealand wine purchase and allocated distribution As recommended by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

3) Recommended Allocated Wines for Distribution to Selected Stores:

A.) 46 Items

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve the request to accept the Australian and New Zealand allocated distribution to selected stores as recommended by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

B.) 5 Items

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve the request to accept the Australian and New Zealand allocated distribution to selected stores as recommended by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

4) Recommended Wine Specialty Products (11 items)

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission Approve the request to accept the recommended wine specialty products as recommended by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

5) Primary Source Submissions (10 items-exclusive agent; 9 items-imported)

It was moved by Chairman Maiola and seconded by Commissioner Russell that the Commission approve the listing of ten (10) wine codes which not from primary source, but are offered by the exclusive marketing agent, and nine(9) wine codes which are not from primary source, but are imported, as recommended by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS –None.

IV. CHAIRMAN’S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Chairman Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated January 27-February 2, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner